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Elliott, Howard

Address of
Howard Elliott...

[New York?]

[1914]

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ADDRESS
OF
HOWARD ELLIOTT

Chief Executive Officer
of
THE NEW YORK, NEW HAVEN AND HARTFORD
and
NEW ENGLAND
TRANSPORTATION LINES

At a dinner given by Mr. John A. Sleicher,
Editor of Leslie's Weekly to Newspaper
and Magazine Editors and Pub-
lishers, Business Men and
Public Officials.



BILTMORE HOTEL
NEW YORK
January 23, 1914.

Mr. Toastmaster, Mr. Sleicher and Guests:

It is a very great gratification to me to be asked by my good friend, Mr. Sleicher, to be a guest at a dinner of this character. It has been my good fortune, in the last thirty years, to know many newspaper men all the way from the Atlantic to the Pacific and to have pleasant relations with them. That I have been treated kindly and fairly by the newspaper men and the newspaper press has been a great help to the institutions I represented and to me.

I had hoped long before this to have met more of the newspaper men in New York than I have, but the pressure of work upon me has been so great in the little over four months that I have been in the service of the New Haven road that it has been impossible for me to do so. I have, and do appreciate, however, the meeting of many of the representatives of the gentlemen present here, who come to my office from time to time and to whom, to the extent of my ability and time, I am glad to give information about affairs that are of importance to the public welfare.

**Newspaper
Men and Rail-
road Officials
quasi-public
servants.**

More and more is the public assuming the position that the railroad and certain other forms of business have a quasi-public character, and more and more do the officers and managers of those enterprises realize that, by giving the facts to the press, a juster conception of the difficulties surrounding the administration of those properties is possible to the public.

Of course, so long as these public service corporations are owned by private individuals there must of necessity be some things that cannot be disclosed until they are perfected, because such disclosure would defeat negotiation and delay progress.

The public is also waking up to the fact that if the owners and managers of those quasi-public service corporations are considered quasi-public servants and justly held to a rigid

accountability for their every act, so must the great army of employes be considered quasi-public servants and held to a rigid accountability for their every act.

Only on Wednesday morning last appeared a comment in one of your great dailies about the difficulties into which a great city was thrown because an axle on a subway car broke and a truck on an elevated train jumped a crossover, and it commented also how the possible strike on the Delaware and Hudson would cut off one-sixth of the milk supply of New York City.

Dislocation a delicate and difficult task. It is obvious to any thoughtful man that our social fabric is so complicated, so vast and so delicately adjusted that any dislocation of the great public service forms of business is most serious. Society has, therefore, in the last few years, taken a greater and greater interest and supervision of the capital engaged in these great enterprises. Capital however, cannot do the work society wants alone, and it must have labor to help it. So, Society in due time, must invent some plan that will put beyond all reasonable doubt the ability of the great public service corporations to do the work that they are expected to do, and Society must say to Labor, just as it has said to Capital, "You have certain responsibilities to the people as a whole that you cannot neglect and, in some lawful and orderly manner, you must continue to serve Society while any disagreements or misunderstandings are being threshed out before the bar of public opinion."

You, who represent the ownership, management and policy of the press, are also quasi-public servants to as great, if not greater, extent than are the owners, managers and employes in public service corporations, and you have a great and an increasing responsibility to present fairly and truthfully to the public these great questions that are now engaging popular attention and to present these questions soberly and earnestly so that they may be solved correctly.

The Formative period and today. In the great formative period of American industry in the last fifty years mistakes, of course, have been made and will be made again, but, on the whole, the strong men

of the past fifty years have done a great work in placing the United States where it is. In doing their work they had to blaze the way and adopt methods that, perhaps, were rude and rough and maybe wrong in the light of present day thought. Some of the methods however that were successful and accepted by the public and the government as necessary in doing the pioneer work of building the great railroads, opening the mines, creating the great manufacturing plans, developing trade and commerce in all its forms, are not accepted today. Surely it does no good now to criticize and blame those who, in an earnest desire to accomplish results used methods which are now considered unwise and did things which now considered improper and wrong. We want to turn our faces forward, making the best use of what has been created, do better in the future, and I think I can speak truthfully about corporation managers and Directors when I say that of the many that I know there is not one but that is actuated by the highest sense of duty and by a desire to carry out faithfully his trust to the owners of the property and to the public that is served.

Directors anxious and eager to up-build.

I hold no brief from any body of men, and I can only state my own experience when I say that for ten years on the Northern Pacific and prior to that on the Burlington, I never was asked by the Directors to do

anything that was not right or just; I never was instructed to buy equipment, materials or supplies except at the lowest prices for good articles. I never was placed under pressure by Directors to act except what seemed for the best after full discussion and hearing every side of the case, and there was every evidence that the Directors were anxious and eager to do what they could to build up the country and be fair to the owners, fair to the public and fair to the employes.

I suppose I may say something about the situation of the New Haven Company, which is so important to New England and the country at large.

The New Haven road has many elements of good and, like all other things created by human beings, has some features that may be improved. Some of these same gentlemen with whom I was associated on the Northern Pacific are interested in the New Haven, and, in talking with me, they indicate most clearly and positively their desire to have the New Haven road run in a first-class business-like manner, and this may be said of every Director of the Company.

**The
New Haven
and the
Government.**

You have recently seen that, in a desire to meet the views of a part of the public served by the Company and the views of the Federal administration, as outlined by the Attorney General of the United States, the New Haven Company has agreed to bring about a separation of some of its properties. It has agreed to give up all control of the management of the Boston & Maine and, in due time, to sell all of its securities that represent ownership in that property. It has agreed to cancel and withdraw from any participation in the management of the Boston & Albany road or its results. It has agreed to take the same position about the Merchants & Miners Transportation Company, which has lines of vessels sailing between Boston and various Southern ports. It has agreed also to dispose, as time may permit, of its minority holdings in the Eastern Steamship Corporation, which has boats sailing between Boston and points in Maine, and it has also, in due time, agreed to dispose of all interest in various trolley properties.

Pending the working out of the plans for the separation of these properties the organization of each one is being perfected so that there will be close local supervision—officers accessible to the people and who will devote their entire time and attention to safe and economical operation. Just as rapidly as is practicable the details of this segregation

will be worked out with the Attorney General of the United States, who desires to help in every reasonable way, as is shown by the following language incorporated in the brief memorandum outlining the basis of settlement arrived at in January:

“The Department of Justice recognizes the obligation incumbent upon directors to conserve as far as circumstances permit the value of stockholders’ property and protect those stockholders from the consequences of past acts; and so far as it properly may will endeavor to aid the directors in discharging these obligations. The New York, New Haven & Hartford Railroad Company assents to the above plan in the interest of a peaceful solution of the so-called ‘New England Railroad Situation’—it does not desire this action to be construed as an assent to or dissent from the principles of law involved or the commercial wisdom of the proposed plan.”

Twenty-five years ago this hotel in which we are having this beautiful dinner would have been considered almost beyond human thought and yet now it does not create amazement or surprise. Twenty-five years ago the demands on transportation companies were different from what they are today, and some day some of the very things that the Attorney General now thinks are unwise and unlawful and against public policy may be found, under proper supervision from the Government and proper organization as to management, wise and effective in serving the public.

However that may be, the Company with an earnest desire to bring to a conclusion the long discussion about the New England railroad situation, has agreed to the principles set forth by the Attorney General and is going manfully to work to carry them out just as rapidly as it can. To dislocate a complicated and delicately adjusted piece of commercial machinery that has been developed in a long term of years, means, of necessity, some disturbance of conditions, and while this work of separation is going on, some

impairment of service and some halting in progress. I most earnestly hope that you gentlemen will realize this and help the management in the very difficult task that now confronts them, of taking apart things that were put together, some of them, many years ago.

Increased expenses and decreased incomes. The question is sometimes asked, "What is the matter with the New Haven Road?" and I will try to answer it in part. The New Haven is suffering from certain causes that affect all railroads—increasing wages, higher costs, demands for more luxurious facilities, complications with and demands from governmental bodies, both state and national, that take the time and attention of officers and men away from their real constructive and operative work, and at the same time having to live with stationary or falling rates and higher charges for capital.

Let me give you the figures for the two great railroads that centre here, the New York Central and the Pennsylvania, for the 11 months ending November 30th, 1910 and 1913.

The gross earnings of the Pennsylvania Railroad, for the 11 months ending November 30th 1910, were \$316,476,822. and its net \$75,198,334. For the 11 months ending November 30th, 1913, its gross earnings were \$360,268,038. but its net, after taxes, was \$66,719,250. In other words, after 4 years, its gross earnings had increased \$44,000,000. but its net earnings had decreased over \$8,000,000.

On the New York Central System the figures show for the same periods \$235,205,036. gross for 11 months in 1910, and \$58,499,000. net, and in 1913 \$274,337,312. gross and net \$56,449,341. In other words, in the case of the New York Central, gross earnings have increased nearly \$40,000,000, and net earnings have decreased \$2,500,000.

For the 5 months ending November 30th, 1913 on the New Haven road and those properties associated with it, not counting the Boston & Maine and the Ontario & Western, the following figures are startling:

| | |
|--------------------------------|--------------------|
| Earnings decreased | \$1,132,574.62 |
| Expenses and Taxes increased. | 2,183,420.69 |
| Miscellaneous income increased | 188,283.02 and the |
| Gross income decreased | 3,127,712.29 |

The New Haven is suffering not only from the causes already given that affect the New York Central and Pennsylvania, but it is also suffering from the continued agitation of the last three or four years, and, mind you, I am not criticising this agitation, but simply stating the fact of its existence. The result of this agitation, however, has been to create considerable discouragement and demoralization in the daily work of the railroad, and it will take time, patience and courage to put it back where it should be.

Grand Central Terminal As illustrating the great expense incurred by railroads in furnishing service to the public, the following figures are impressive: The New Haven uses jointly with the New York Central tracks and terminals from Woodlawn to and including the Grand Central Terminal. The charges for interest, taxes, maintenance and operation of that necessary part of the New Haven System for the year ending December 31, 1913, was \$3,023,027.93 and there were handled 10,161,747 passengers at a cost of 29¾ cents per passenger. The Company desires to make for its passengers, through, local and commutation, as low rates as it can, consistent with the service rendered, but it is certainly not unreasonable to ask that its passenger rates, each and every one, be enough to cover the use of this great piece of property. The unit price paid by the passenger is too low for the service produced under present conditions, 32 cents for carrying each passenger. Very few of them think it is a serious matter to spend two or three cents for your newspapers to read as they travel. But two cents more would mean to the New Haven \$1,735,276. a year and three cents would mean \$2,604,414. The New Haven carried 26,266,327 tons of freight last year for the public, and the average haul for each ton

was 96.43 miles. To haul a ton of freight 100 miles is a large physical task, besides the handling at each terminal. An increase of 10 cents for this week would mean \$2,636,632. a year to the New Haven.

Increase in Wages and Comparisons On the New Haven road, for the same amount of labor in the year ending June 30th, 1914, the payment will be about \$2,500,000 more than for the year ending June 30th, 1910. No one begrudges the paying of the highest wages possible to everyone, but it must be borne in mind that in the railroad business, as well as in every other business, you cannot pay out more than you take in. This sum is 5% on \$50,000,000 and is a sum which the public who use the railroad pay, either in rates, reduced services or in the non-existence of improved facilities that this large capital sum would create. In ten years the increase in wages has been such that wages now are more than \$5,000,000 more per year than they were ten years ago, and freight rates have fallen so that the revenues from the freight carried in a year to-day are nearly \$2,000,000 less than they would be if we had the rates of ten years ago. Here is a spread of \$7,000,000 in these two items above, which accounts for some of the difficulties in the situation. Operating a railroad, like operating any great business enterprise, is largely a question of credit. Anything that hurts credit, unjust attacks, false reports, cripple the efficiency of a business, particularly if it is a public service business, just as certainly as an individual is crippled if he is beaten, bruised and harassed. The very conflict of laws in the different states makes difficult wise and far-seeing arrangements for raising the money needed for improvements and so hurts the credit of the roads, and affects the interest charges which ultimately have to be paid by the people.

Forced Sales. Much has been said about the outside interests of the New Haven, and I have just explained to you that we are planning to give them up,

both as to management and ownership, and they will be given up within a reasonable time as to management, but it is obvious it will take a considerable time to sell the securities representing ownership because it will help no one to insist upon "forced sales" of these properties at a time of excitement and uncertainty as to the future. These properties are of great present and future value and must be maintained and operated as well as they can be while the separation is taking place.

New Haven out of Politics. We have said to our officers and employees all along the line, "We want you to attend strictly to railroad business and not to try to influence politics, elect or defeat men to office, but to present the requests of the railroads to legislative bodies of every kind in an open and frank manner." We are entitled to do this, and it is our duty to do it, and we are entitled to receive fair and frank treatment from members of legislative and administrative bodies.

We have said to our officers and employees, "We want you to devote your mental and physical energy to the extent of your ability to working for these companies exclusively and to obeying the laws of the land and the rules and regulations worked out by experience that make for safety and efficiency."

I want to urge as earnestly as I can that you gentlemen, who represent the great power of the press of one of the greatest cities in the world, help us in solving the difficult problem that we have before us. The question is, "What shall we do to make things better so that these public utilities can serve the country and the people, and bring some return to the owners?" As I have pointed out, we are trying to conform to the law as interpreted by the Attorney General.

We need the help of the newspapers in encouraging these ideas.

I came into this situation at the request of many friends in New England, of some in New York and some in Phila-

delphia, because they thought that I could be of some use. I want to be if I can, although I realize that I have taken up a heavy burden and left a place in the West that was much less difficult than the one here. As I have said again and again, I cannot carry the burden alone or solve the problem alone. I am trying to attract into the service as many good men as I can, to increase the staff of officers so that things will be attended to promptly, to inspire confidence among the men, to regain the confidence of the public, to show to the law-making bodies that just as fast as we can understand the law we are trying to conform to it, and to work for fair treatment from them.

New England needs her railroads and needs the best ones she can have. If they break down, it will affect not only the railroads but all other industries and her social and industrial fabric, and it will affect her credit, and that, in turn, will affect the whole United States.

**Patriotic Responsibility of
The Press.**

If I am working for a quasi-public corporation, if I am a quasi-public official, you who do so much to mould public opinion, are equally working for quasi-public corporations and are quasi-public officials, and you have a patriotic responsibility as well as I have to help in this work of putting the New England transportation machine on a safe, sane and remunerative basis.

That you have asked me to be here tonight as your guest, and have permitted me to talk to you, is a great satisfaction and I only hope that I have not wearied you. Such was not my desire, but I did want to take the opportunity to say to a body of men like this some of the things that I have said. I thank you very much for your kindly attention.

**END OF
TITLE**